

## 2005 MAINE MINIMUM TAX WORKSHEET

Use this Worksheet to complete:

Form 1041ME, Schedule A, Line 2

Enclose a copy of your 2005 federal Form 1041, Schedule I



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\*0509102\*

Name of Estate/Trust (as shown on Form 1041ME)

Estate/Trust EIN

**Do you owe a Maine Minimum Tax?** The following estates/trusts must complete the Maine Minimum Tax Worksheet to determine whether they owe a Maine minimum tax: **1)** Estates/Trusts that have a federal alternative minimum taxable income on federal Form 1041, Schedule I; and, **2)** Estates/Trusts that do not have a federal alternative minimum taxable income on federal Form 1041, Schedule I but do have Maine addition income modifications (see Maine Minimum Tax Worksheet for Line 2, lines 1a through 1f), the total of which is greater than the Maine minimum tax exemption amount (see line 4 below).

If you exceed these thresholds, you must file a Maine Minimum Tax Worksheet. See instructions and supporting Worksheets.

1. Federal alternative minimum taxable income (Federal Form 1041, Schedule I, line 29) ..... 1. \_\_\_\_\_
2. Modifications (May be a positive or negative number) - **See instructions** ..... 2. \_\_\_\_\_
3. Maine tentative alternative minimum taxable income (line 1 plus or minus line 2). If zero or less, enter zero ..... 3. \_\_\_\_\_
4. **Exemption.** Enter amount from 2005 federal Form 1041, Schedule I, line 29 or line 50, whichever applies. .... 4. \_\_\_\_\_
5. Line 3 plus or minus line 4. If zero or less, enter zero ..... 5. \_\_\_\_\_
6. **Nonresident** apportionment factor (Maine estates & trusts enter 100%) - **See instructions** ..... 6. \_\_\_\_\_ %
7. Maine alternative minimum taxable income (multiply line 5 by line 6). Enter result here ..... 7. \_\_\_\_\_
8. Tentative minimum tax. **See instructions** ..... 8. \_\_\_\_\_
9. Maine income tax (Form 1041ME, line 4) ..... 9. \_\_\_\_\_
10. Alternative minimum tax (Subtract line 9 from line 8) ..... 10. \_\_\_\_\_
11. Credit against the Maine minimum tax for minimum tax paid to other jurisdictions (For Maine estates/trusts only).  
Enter line E from Worksheet below. .... 11. \_\_\_\_\_
12. Maine Minimum Tax (subtract line 11 from line 10 – if zero or less, enter zero. Enter result on 1041ME, Schedule A, line 2a) .. 12. \_\_\_\_\_

(Worksheet for line 11 above – **Maine estates/trusts only: Credit Against the Maine Minimum Tax** for tax paid to other taxing jurisdictions)

- A. Taxpayer's Maine tentative alternative minimum taxable income (Line 3 above) ..... A. \_\_\_\_\_
- B. Amount of line A derived from other jurisdiction ..... B. \_\_\_\_\_
- C. Percentage of income taxed by other jurisdiction (Divide line B by line A) ..... C. \_\_\_\_\_ %
- D. Limitation of credit:
  1. Maine alternative minimum tax (Line 10 above) multiplied by percent on line C ..... D(1). \_\_\_\_\_
  2. Minimum tax paid other jurisdiction on income taxed under the Maine minimum tax ..... D(2). \_\_\_\_\_
- E. Allowable credit, the lesser of lines D(1) or D(2). Enter here and on line 11 above ..... E. \_\_\_\_\_

## 2005 MAINE MINIMUM TAX CREDIT AND CARRYFORWARD TO 2006

### Worksheet for 1041ME, Schedule A, Line 11

Enclose a copy of 2005 federal Form 8801

13. Enter the amount from line 12 of the 2004 Maine Minimum Tax Worksheet ..... 13. \_\_\_\_\_
14. Minimum tax credit carryforward from 2004 (2004 Maine Minimum Tax Worksheet, line 21) ..... 14. \_\_\_\_\_
15. Enter 2004 net state minimum tax on federal exclusion items – From worksheet at [www.maine.gov/revenue](http://www.maine.gov/revenue) ..... 15. \_\_\_\_\_
16. 2004 adjusted net state minimum tax (Line 13 plus line 14 minus line 15 – if zero or less, enter zero) ..... 16. \_\_\_\_\_
17. Enter 2005 Maine income tax liability (2005 Form 1041ME, line 6 excluding minimum tax and minimum tax credit) ..... 17. \_\_\_\_\_
18. Enter 2005 Maine tentative minimum tax (Line 8 above) ..... 18. \_\_\_\_\_
19. Subtract line 18 from line 17 (If zero or less, enter zero) ..... 19. \_\_\_\_\_
20. **Maine minimum tax credit:** Enter the lesser of line 16 or line 19 here and on Form 1041ME, Schedule A, line 11 ..... 20. \_\_\_\_\_
21. **Maine minimum tax credit carryforward to 2006** (Subtract line 20 from line 16) ..... 21. \_\_\_\_\_

**NOTE:** If you have a Maine minimum tax credit carryforward to 2006, keep a copy of the worksheet to submit with your 2006 Maine trust or estate income tax return.

## Maine Minimum Tax — Income Modification Worksheet for Line 2

Federal Alternative Minimum Taxable Income ("FAMTI") (from federal Form 1041, Schedule I, line 29):

**1. ADDITIONS to federal alternative minimum taxable income.**

- a. Income from municipal and state bonds, other than Maine to the extent not included in FAMTI above ..... **1a.** \_\_\_\_\_
- b. Net Operating Loss Recovery Adjustment (See instructions. Attach a schedule showing your calculation) ..... **1b.** \_\_\_\_\_
- c. Maine State Retirement Contributions ..... **1c.** \_\_\_\_\_
- d. Domestic Production Activities Deduction Add-back (See instructions) ..... **1d.** \_\_\_\_\_
- e. Bonus Depreciation and Section 179 Add-back to the extent deducted in arriving at FAMTI (See instructions) ..... **1e.** \_\_\_\_\_
- f. Other (See instructions). List the type and amount of income items included (attach a separate schedule, if necessary) ..... **1f.** \_\_\_\_\_
- g. **Total additions** (Add lines 1a through 1f) ..... **1g.** \_\_\_\_\_

**2. SUBTRACTIONS from federal alternative minimum taxable income.**

- a. U.S. Government Bond interest included in FAMTI above ..... **2a.** \_\_\_\_\_
- b. Social Security and Railroad Retirement Benefits included in FAMTI above ..... **2b.** \_\_\_\_\_
- c. Interest from Maine Municipal General Obligation & Private Activity Bonds included in FAMTI (See federal Form 6251, line 11) ..... **2c.** \_\_\_\_\_
- d. Maine State Retirement System Pick-Up Contributions paid to the taxpayer during 2005 which have been previously taxed by the state ..... **2d.** \_\_\_\_\_
- e. Federal Work Opportunity Credit/Federal Empowerment Zone Credit Deduction ..... **2e.** \_\_\_\_\_
- f. Bonus Depreciation and IRC § 179 Recapture (See instructions) ..... **2f.** \_\_\_\_\_
- g. Other (See instructions). List the type and amount of income items included (attach a separate schedule, if necessary) ..... **2g.** \_\_\_\_\_  
(Nonresident Estates or Trusts - Do not enter non-Maine income)
- h. **Total Subtractions** (Add lines 2a through 2g) ..... **2h.** \_\_\_\_\_

**3. Net Modification** (Subtract line 2h from line 1g — enter here and on Minimum Tax Worksheet, line 2

- [May be a negative amount]) ..... **3.** \_\_\_\_\_

## Maine Minimum Tax — Exclusion Items Worksheet for Line 15

Complete the following worksheet to compute the Maine minimum tax on exclusion items, line 15:

- a. Enter amount from 2005 federal Form 8801, line 4 ..... **a.** \_\_\_\_\_
- b. Modifications - see the Maine Minimum Tax Worksheet for Line 2 and related instructions.  
Add income treated as exclusion items subject to Maine income tax that is not subject to federal income tax.  
Subtract income treated as exclusion items that Maine or federal law prohibits from state taxation.  
Include only amounts not already added or subtracted in calculating federal alternative minimum taxable income.  
(May be a positive or negative number) ..... **b.** \_\_\_\_\_
- c. Combine line a and line b. If zero or less, enter zero ..... **c.** \_\_\_\_\_
- d. **Exemption.** Enter amount from 2005 federal Form 8801, line 9 ..... **d.** \_\_\_\_\_
- e. Line c minus line d ..... **e.** \_\_\_\_\_
- f. **Nonresident** and **part-year** resident apportionment factor (Maine residents enter 100%)\* ..... **f.** \_\_\_\_\_ %
- g. Multiply line e by line f, enter result here ..... **g.** \_\_\_\_\_
- h. Effective tax rate. Divide line 8 of the 2004 Maine Minimum Tax Worksheet by line 7 of the 2004 Maine Minimum tax worksheet ..... **h.** \_\_\_\_\_ %
- i. 2004 Maine minimum tax on exclusion items (Multiply line g by line h) ..... **i.** \_\_\_\_\_
- j. 2004 Maine income tax (2004 Form 1041ME, line 4) ..... **j.** \_\_\_\_\_
- k. Alternative Maine minimum tax on exclusion items (Line i minus line j) ..... **k.** \_\_\_\_\_
- l. Credit against the Maine minimum tax on exclusion items for minimum tax paid to other taxing jurisdictions on exclusion items (For Maine estates/trusts only). Enter line E from worksheet below ..... **l.** \_\_\_\_\_
- m. 2004 Maine minimum tax on exclusion items (Line k minus line l – if zero or less, enter zero. Enter the result here and on line 15 of the Maine Minimum Tax Worksheet) ..... **m.** \_\_\_\_\_

**\*Nonresident estate/trust apportionment factor** (line f above) – The factor is the amount of the taxpayer's Maine-source income associated with the adjusted federal tentative minimum tax on exclusion items (line c above) divided by the total income associated with the adjusted federal tentative minimum tax on exclusion items (line c above).

### Worksheet for line l above – Maine estates/trusts only

- A. Taxpayer's total income associated with adjusted federal tentative minimum tax on exclusion items ..... **A.** \_\_\_\_\_
- B. Taxpayer's income associated with adjusted federal tentative minimum tax on exclusion items derived from other jurisdiction ..... **B.** \_\_\_\_\_
- C. Percentage of income taxed by other jurisdiction (Divide line B by line A) ..... **C.** \_\_\_\_\_ %
- D. Limitation of Credit:
  - 1. Net state minimum tax on exclusion items from line k above  
\$ \_\_\_\_\_ multiplied by \_\_\_\_\_ % on line C ..... **D1.** \_\_\_\_\_
  - 2. Minimum tax on exclusion items paid other jurisdiction on income taxed under the Maine minimum tax ..... **D2.** \_\_\_\_\_
- E. Allowable credit, the smaller of line D(1) or D(2). Enter here and on line l above ..... **E.** \_\_\_\_\_

## MAINE MINIMUM TAX WORKSHEET INSTRUCTIONS

### Do you owe a Maine Minimum Tax?

The following estates/trusts must complete the Maine Minimum Tax Worksheet to determine whether they owe a Maine minimum tax:

- Estates/Trusts that have a federal alternative minimum taxable income on federal Form 1041, Schedule I, line 29;
- Estates/Trusts that do not have a federal alternative minimum taxable income on federal Form 1041, Schedule I, line 29, but do have Maine addition income modifications (see Maine Minimum Tax Worksheet for Line 2, lines 1a through 1f), the total of which is greater than the minimum tax exemption amount on federal Form 1041, Schedule I, line 50 (\$22,500 reduced by 25% of federal alternative minimum taxable income that exceeds \$75,000).

If you exceed these thresholds, you must complete a Maine Minimum Tax Worksheet to determine whether you owe Maine minimum tax. See instructions and supporting Worksheets attached or call (207) 626-8475 to order.

**Line 2.** The income modifications that apply to the Maine regular tax also apply to the Maine minimum tax. See Worksheet for Line 2 and related instructions for a description of the Maine income modifications. **Enter only amounts not already added or subtracted in calculating federal alternative minimum taxable income. The amount you enter on line 2 may be either a positive or negative number.**

**Line 6.** The **nonresident apportionment factor** is the amount of the taxpayer's *Maine-source* income included on line 3 **divided** by the *total* income on line 3.

**Line 8.** Use the following tables to calculate the Maine tentative minimum tax.

If line 7 is:

Not more than \$175,000

Greater than \$175,000

The Tax is:

7.0% of the adjusted Maine alternative minimum taxable income  
\$12,250 plus 7.6% of the excess over \$175,000

## MAINE MINIMUM TAX INSTRUCTIONS — Income Modification Worksheet for Line 2

**Line 1. ADDITIONS to federal alternative minimum taxable income.** Also include the taxpayer's distributive share of addition modification items from partnerships and S Corporations. **Enter only amounts not already added in calculating federal alternative minimum taxable income.**

**Line 1a. Income from municipal and state bonds, other than Maine.** Generally, this is the amount from Maine Form 1041, Schedule 1, line 1a. Enter income from municipal and state bonds and private activity bonds, other than Maine, that is not included in your federal alternative minimum taxable income. For example, enter interest from City of New York bonds on this line. However, do not enter interest from Portland, Maine bonds.

**Line 1b. Net Operating Loss Recovery Adjustment.** Enter on this line any federal alternative minimum tax net operating loss carried to the tax year that has been previously used to offset the modifications under the Maine minimum tax. Attach a schedule showing the alternative minimum tax loss and use of modifications. See example at right.

**Line 1c. Maine State Retirement Contributions.** Enter on this line the amount of your 2005 Maine State Retirement Contributions from Maine Schedule 1, line 1c. To calculate this amount, subtract your federal wages from your state wages appearing on your 2005 State of Maine W-2 form. These contributions are tax deferred for federal tax, but are subject to Maine income tax.

**Line 1d. Domestic Production Activities Deduction Add-back.** Enter the amount claimed as a domestic production activities deduction used to reduce federal alternative minimum taxable income.

**Line 1e. Bonus Depreciation/Section 179 Expense Add-back.** Federal alternative minimum taxable income must be increased by the net effect of the following amounts reflected in federal alternative minimum taxable income: **1)** 30% bonus depreciation deduction claimed in accordance with Section 101 of the federal Jobs Creation and Worker Assistance Act of 2002, Public Law 107-147; **2)** 50% bonus depreciation deduction claimed in accordance with Section 201 of the federal Jobs and Growth Tax Relief Reconciliation Act of 2003, Public Law 108-27; and, **3)** increase in section 179 expense due to 2003 federal law changes in Section 202 of the federal Jobs

The following example illustrates the NOL Recovery Adjustment:

Corresponding Line on Maine AMT Worksheet:	NOL Year 2005	Carryforward Years 2006 2007
Federal alternative minimum taxable income prior to NOL deduction	- 60,000	35,000 25,000 - 35,000 - 25,000
1. FAMTI after NOL deduction	- 60,000	0 0
2. ADDITION Modification 5122(1)(E)		10,000
Addition Modifications:		
2. Other	10,000	10,000 8,000
3. Maine Adjusted Gross Income	-50,000	10,000 18,000

The original \$60,000 loss in 2005, all of which is carried forward for federal purposes, is allowed to offset Maine addition modifications in 2005. The amount of the federal NOL carryforward must, therefore, be reduced by the amount used in the loss year to offset addition modifications. In this example, \$10,000 of the federal NOL carryforward was used to offset Maine addition modifications in the year of the loss. Thus, the federal NOL carryforward is, for Maine purposes,

and Growth Tax Relief Reconciliation Act of 2003, Public Law 108-27. If the difference is less than zero, enter zero. Enclose both the actual and pro forma versions of federal Form 4562 with the Maine return. Property expensed under the provisions of section 179 at the federal level cannot be capitalized for Maine purposes. For more information and examples, see the related Guidance Document on the MRS web site at [www.maine.gov/revenue](http://www.maine.gov/revenue) (select Income/Estate Tax).

**Line 1f. Other.** Enter on this line • the amount of loss, deductions, and other expenses of a financial institution subject to the Maine franchise tax included in federal alternative minimum taxable income due to an ownership interest in the financial institution that is a partnership, S corporation, or entity disregarded as separate from its owner • income taxes imposed by Maine or other states and

interest or expenses incurred in the production of income exempt from Maine taxation deducted in arriving at federal alternative minimum taxable income • amounts claimed as a business expense for federal alternative minimum tax purposes that are included in the investment base for the high-technology investment tax credit • student loan interest deducted in arriving at federal alternative minimum taxable income if related to interest that was paid more than 60 months from the beginning of the repayment period • the amount deducted at the federal level for qualified tuition and other educational expenses under IRC § 222 • income received from the National Health Service Corps Scholarship Program and Armed Forces Health Professions Scholarship and Financial Assistance program if the income is not included in federal alternative minimum taxable income • contributions to Health Savings Accounts (HSAs), either by employer or trust • the estate's/trust's share of the fiduciary adjustment of another estate/trust - additions only (36 M.R.S.A. § 5122(3) and 5164). You must attach a copy of your federal Schedule K-1 to verify your share of income. Generally, the amount entered on this line is equal to the trust's/estate's portion of Form 1041ME, Schedule 1, line 1f. *List the source of each amount claimed in the space provided. Attach supporting documentation when claiming an amount on this line.*

**Line 2. SUBTRACTIONS from federal alternative minimum taxable income. NOTE: You may only subtract the items listed below on this schedule. Also include the taxpayer's distributive share of subtraction modifications from partnerships and S Corporations. Enter only amounts not already subtracted in calculating federal alternative minimum taxable income.**

**Line 2a. U.S. Government Bond Interest.** Enter income from direct obligations of the United States Government, such as Series EE and Series HH Savings bonds, U.S. Treasury bills and notes. Include on this line only the amount of interest included in your federal alternative minimum taxable income.

**Line 2b. Social Security and Railroad Retirement Benefits included in federal alternative minimum taxable income.** Social Security benefits issued by the U. S. Government and Railroad Retirement benefits (Tier 1 and Tier 2) issued by the U.S. Railroad Retirement Board are not taxed by the State of Maine. Also, unemployment and sick benefits issued by the U. S. Railroad Retirement Board are not taxable to Maine. However, benefits issued by the Canadian Railroad Retirement Board are taxable as Maine income. Enter on this line amounts included in federal alternative minimum taxable income.

**Line 2c. Interest from Maine Municipal General Obligation & Private Activity Bonds included in federal alternative minimum taxable income.** You may have this type of interest included in your federal alternative minimum taxable income. Interest from these bonds is exempt from state income tax, even if taxed on the federal return. If you have interest of this type included in your federal alternative minimum taxable income, enter the amount on this line. Generally, this is the trust's/estate's portion of Form 1041ME, Schedule 1, line 2c.

**Line 2d. Maine State Retirement System Pick-Up Contributions.** Enter contributions paid to you in 2005 that have been previously taxed by the state. Use this line only if you retired after 1988 and are receiving retirement benefits from the Maine State Retirement System (MSRS). To calculate the amount for this line, subtract the state taxable gross amount from the federal taxable gross amount shown on the check stub of your last pension check received from MSRS in 2005. Also enter on this line MSRS rollover amounts previously taxed by the state, whether or not included in federal alternative minimum taxable income.

**Line 2e. Federal Work Opportunity Credit/Federal Empowerment Zone Credit Deduction.** Enter on this line the amount equal to the federal Work Opportunity Credit salaries and wages deduction (federal Form 5884, line 2) and/or the federal Empowerment Zone Credit salaries and wages deduction (federal Form 8844, line 2) to the extent allowed against federal alternative minimum tax. Generally, this is the trust's/estate's portion of Form 1041ME, Schedule 1, line 2e.

**Line 2f. Bonus Depreciation/Section 179 Expense Recapture.** Amounts required to be added to federal alternative minimum taxable income under 36 M.R.S.A. § 5122(1)(N) may be recaptured over the life of the applicable asset. For property placed in service in 2002, addition modifications may be recaptured in equal amounts over the remaining life of the asset beginning in 2004. For assets placed in service after 2002, 5% of the addition modification is recaptured in the tax year immediately following the year the asset was placed in service with the remaining 95% recovered in subsequent tax years, in equal installments, over the remaining life of the applicable asset.

**Line 2g. Other Deductions.** Enter on this line • military compensation received by a nonresident servicemember • Maine Lottery or Tri-State Lottery winnings received in 2004 and won prior to January 1, 1987 • amounts received from a Holocaust victims settlement that are included in federal alternative minimum taxable income (36 M.R.S.A. § 5122(2)(O)) • account proceeds from a Family Development Account administered by FAME (36 M.R.S.A. § 5216-C) • state income tax refunds • net operating losses carried forward from previous tax years pursuant to 36 M.R.S.A. § 5122 • earnings from fishing operations that were contributed to a capital construction fund • income from investments in the Northern Maine Transmission Corporation • withdrawals from Qualified State Tuition Programs established for paying higher education expenses • the estate's/trust's share of a fiduciary adjustment – subtractions only (36 M.R.S.A. §§ 5122(3) and 5164) • interest income and capital gains from the sale of bonds issued by the Waste Management Agency to the extent included in federal alternative minimum taxable income • all items of income, gain, interest, dividends, royalties, and other items of income of a financial institution subject to the Maine franchise tax that are included in federal alternative minimum taxable income due to an ownership interest in the financial institution that is a partnership, S corporation, or entity disregarded as separate from its owner • up to \$6,000 in pension income pursuant to 36 M.R.S.A. § 5122(2)(M) • expenses incurred in the production of income subject to Maine tax, but exempt from federal tax (an example is expenses related to the production of non-Maine municipal bond interest) • long-term care insurance premiums paid by the estate or trust that have not been claimed as an itemized deduction on the decedent's federal income tax return or as a federal adjustment for self-employed individuals. Except for net operating losses carried forward from previous tax years pursuant to 36 M.R.S.A. § 5122, enter only amounts included in federal alternative minimum taxable income. Generally, this is the trust's/estate's portion of Form 1041ME, Schedule 1, line 2g. *List the source of each amount claimed in the space provided. Attach supporting documentation when claiming an amount on this line.*